

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

VIACOM INTERNATIONAL INC., COMEDY )  
PARTNERS, COUNTRY MUSIC )  
TELEVISION, INC., PARAMOUNT )  
PICTURES CORPORATION, and BLACK )  
ENTERTAINMENT TELEVISION LLC, )  
)

Plaintiffs, )  
)

vs. )  
)

YOUTUBE, INC., YOUTUBE, LLC, )  
and GOOGLE INC., )  
)

Defendants. )  
)

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THE FOOTBALL ASSOCIATION PREMIER )  
LEAGUE LIMITED, BOURNE CO., et al., )  
on behalf of themselves and all )  
others similarly situated, )  
)

Plaintiffs, )  
)

vs. )  
)

YOUTUBE, INC., YOUTUBE, LLC and )  
GOOGLE, INC., )  
)

Defendants. )  
)

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VIDEOTAPED DEPOSITION OF WENDY CHANG  
SAN FRANCISCO, CALIFORNIA  
FRIDAY, JULY 11, 2008

BY: ANDREA M. IGNACIO HOWARD, CSR, RPR, CLR  
CSR LICENSE NO. 9830  
JOB NO. 15371

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3  
4 JULY 11, 2008  
5 10:03 a.m.  
6  
7  
8 VIDEOTAPED DEPOSITION OF WENDY CHANG,  
9 held at the offices of SHEARMAN & STERLING,  
10 525 Market Street, San Francisco, California,  
11 pursuant to notice, before ANDREA M. IGNACIO  
12 HOWARD, CLR, RPR, CSR License No. 9830.  
13  
14  
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1 A P P E A R A N C E S:

2

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18 GOOGLE, INC.:

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24

25

1 A P P E A R A N C E S: (Continued.)

2

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14

15 ALSO PRESENT: Lou Meadows, Videographer

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17 ---ooOo---

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1 10:04:38 A 901 Cherry Avenue, San Bruno, California. I  
2 10:04:42 don't know the zip on that.  
3 10:04:43 Q How far away are those offices from each  
4 10:04:45 other?  
5 10:04:49 A Maybe 20 miles.  
6 10:04:55 Q Can you please give me a brief summary of  
7 10:04:59 your educational background starting with when you  
8 10:05:01 graduated from high school.  
9 10:05:02 A Okay. I went to Cornell University. It was  
10 10:05:05 a double major in economics and Japanese studies.  
11 10:05:08 Graduated in 1997, and I went to Columbia Business  
12 10:05:14 School for my MBA. Graduated in 2002.  
13 10:05:17 Q And anything after Columbia Business School?  
14 10:05:22 A Nope.  
15 10:05:22 Q Do you hold any professional licenses or  
16 10:05:24 certificates?  
17 10:05:25 A No, I do not.  
18 10:05:26 Q And could you give me a brief summary of your  
19 10:05:32 work history, I guess, beginning after your graduation  
20 10:05:35 from Cornell.  
21 10:05:38 A Okay. I was at Morgan Stanley as a financial  
22 10:05:40 analyst for three years from 1997 to 2000, and then  
23 10:05:46 2001, 2002 in business school.  
24 10:05:48 Worked at a company called Telaflora as a  
25 10:05:55 financial planning and analysis manager for about a

1 10:05:58 year, and have been at Google since April of 2004.

2 10:06:04 Q And when you started with Google in April of

3 10:06:08 2004, what was your job title?

4 10:06:11 A Senior financial analyst.

5 10:06:13 Q And what were your responsibilities?

6 10:06:15 A I started working on the AdSense side of the

7 10:06:22 business calculating our partner payments for our

8 10:06:24 direct partners.

9 10:06:26 Q Can you just briefly tell me what you mean by

10 10:06:29 the AdSense side of the business?

11 10:06:31 A Okay. Do you need me to explain the business

12 10:06:34 itself or just what I --

13 10:06:35 Q Well, why don't you start with what is

14 10:06:37 AdSense --

15 10:06:37 A Okay.

16 10:06:37 Q -- in very general terms?

17 10:06:39 A Right.

18 10:06:40 So, in my understanding of it, is that

19 10:06:43 there -- the majority of Google's revenues comes from

20 10:06:46 AdWords and AdSense, and AdWords is where the

21 10:06:49 advertisers bid on certain key words, right, and every

22 10:06:53 single time a user clicks on that, we make money off

23 10:06:56 of it.

24 10:06:56 We take the same database of advertisers and

25 10:07:00 through a syndication network, which we're calling

1 10:07:04 AdSense, are able to distribute those ads to other  
2 10:07:07 publisher websites.

3 10:07:09 So, for example, AdSense for search would be  
4 10:07:13 for if you're doing a search on AOL, a Google ad will  
5 10:07:17 appear that is relevant to your search. Similarly,  
6 10:07:20 AdSense for content, you could be reading an article  
7 10:07:23 in the New York Times, and there could be relevant key  
8 10:07:27 word ads that are served up, so it's the syndication  
9 10:07:30 of our advertising.

10 10:07:32 Many of these agreements are quite complex,  
11 10:07:35 so rather than automating it through our system, we  
12 10:07:39 manually calculate the -- the agreement -- the  
13 10:07:43 payments according to the contractual obligations.

14 10:07:46 Q And how long did you stay in the position of  
15 10:07:50 senior financial analyst at Google?

16 10:07:57 A I don't know. Maybe two years.

17 10:07:58 Q And at some point your position changed?

18 10:08:00 A I'm finance manager now.

19 10:08:02 Q And when did you become finance manager?

20 10:08:08 A I suppose about two years ago.

21 10:08:10 Q Okay.

22 10:08:10 A Okay.

23 10:08:10 Q So since you've been at Google, you've had  
24 10:08:13 two titles; is that fair to say?

25 10:08:15 A Yes.

1 10:08:15 Q So first senior financial analyst, and then  
2 10:08:18 finance manager; correct?  
3 10:08:20 A That's correct.  
4 10:08:20 Q Okay. And as a -- in either of those  
5 10:08:22 capacities, was your work at Google limited to any  
6 10:08:27 particular -- well, strike that.  
7 10:08:32 What -- why don't you explain to me what  
8 10:08:36 different areas of Google you had responsibility for.  
9 10:08:39 For instance, did you just work with Google and its  
10 10:08:42 search pages? Did you do work with Google video?  
11 10:08:45 If you could just give me a general sense of  
12 10:08:47 your overall responsibilities.  
13 10:08:49 A So it's always been in the finance capacity.  
14 10:08:54 Q Okay.  
15 10:08:57 A And it has changed over time across different  
16 10:09:00 groups. Started with the AdSense Group on the pattern  
17 10:09:04 of payments and then to enterprise, which is taking  
18 10:09:07 our search solutions and, I guess, selling that  
19 10:09:12 technology to institutions, and then on to content  
20 10:09:20 more broadly.  
21 10:09:21 So if you think about Google enabling users  
22 10:09:25 to find all of the world's information, a lot of that  
23 10:09:28 information is not available online today. So  
24 10:09:30 supporting the content team who gets that content onto  
25 10:09:34 Google, and then that included Google Video, as well

1 14:16:05 content or whether it may be in the form of  
2 14:16:08 user-generated content.  
3 14:16:09 Advertisers want eyeballs, and content  
4 14:16:14 providers want to make money. So you can't make money  
5 14:16:20 from the advertisers unless you have the users, and  
6 14:16:24 you're only going to have -- have users if you have  
7 14:16:29 the right content, so I would say all of it is an  
8 14:16:32 equal.

9 14:16:33 Q Okay. Item B, see where it says "Challenges  
10 14:16:39 from both a business model perspective and a legal  
11 14:16:43 liability perspective in terms of pornographic and  
12 14:16:46 copyright infringed content as among the primary  
13 14:16:49 drivers of YouTube traffic"? Do you see that?

14 14:16:51 A I do.

15 14:16:52 Q Do you know what that refers to?

16 14:16:54 A At the time that this document was drafted, I  
17 14:16:56 don't believe we knew anything about the -- the data  
18 14:17:00 about YouTube. We weren't allowed to speak to them,  
19 14:17:03 so there were concerns that some of the content may  
20 14:17:12 not be authorized on it, but we did not know for a  
21 14:17:16 fact anything about the -- what traffic YouTube had.

22 14:17:21 Q But there was a concern that there might be  
23 14:17:29 traffic that was driven by pornographic or copyright  
24 14:17:33 infringed material? Was that a concern?

25 14:17:36 MS. REES: Object to the form of the

1 14:22:16 distribution and having users," do you have any  
2 14:22:19 understanding of what that means?

3 14:22:24 A Not in this particular context, but for  
4 14:22:27 Google, usually we think about always putting our  
5 14:22:30 users first.

6 14:22:33 Q And then jumping down to the next larger  
7 14:22:37 paragraph, it says "Focus on the users and get the  
8 14:22:39 traffic"; you see that?

9 14:22:44 A Yes.

10 14:22:44 Q Do you understand what Susan's referring to  
11 14:22:50 when she says "get the traffic"?

12 14:22:53 MS. REES: Object to the form of the  
13 14:22:55 question.

14 14:22:55 THE WITNESS: No, I do not.

15 14:23:06 MS. CUNHA: Q. Do you personally think that  
16 14:23:07 traffic is important for Google and YouTube's business  
17 14:23:11 model?

18 14:23:12 A Yes.

19 14:23:12 Q And is that for the reasons you described  
20 14:23:15 about the users and the content and the advertisers?

21 14:23:18 A That is correct.

22 14:23:18 Q You see, jumping down, it says, "Then you  
23 14:23:28 have an audience and monetization will follow"? Do  
24 14:23:31 you see that?

25 14:23:32 A Sorry. What -- which?

1 14:23:34 Q So the next single sentence paragraph after  
2 14:23:36 the one that starts --  
3 14:23:37 A Oh.  
4 14:23:37 Q -- "Focus."  
5 14:23:38 A Yes.  
6 14:23:38 Q "Then you have an audience and monetization  
7 14:23:41 will follow"; do you agree with that?  
8 14:23:43 A Yes. Personally I would say it's the three  
9 14:23:47 that I would say.  
10 14:23:48 Q You would say it's the audience, the content,  
11 14:23:51 and the monetization?  
12 14:23:53 A That is correct.  
13 14:23:53 (Document marked Chang Exhibit 19  
14 14:24:20 for identification.)  
15 14:24:36 MS. CUNHA: Q. Showing you the next  
16 14:24:38 Exhibit 19. I may have given you two.  
17 14:24:40 MS. REES: Yeah.  
18 14:24:41 MR. HASSEL: Thanks.  
19 14:26:05 THE WITNESS: Okay.  
20 14:26:05 MS. CUNHA: Okay.  
21 14:26:06 Q Do you recognize this e-mail chain?  
22 14:26:09 A I don't remember the specific e-mail chain,  
23 14:26:11 but I do remember this event surrounding it.  
24 14:26:15 Q Okay. In the e-mail from you on the  
25 14:26:20 bottom -- well, actually first why don't you tell me

1 15:40:02 Q And do you see at the end of his e-mail there  
2 15:40:06 he says "If we are able to open up watch pages to  
3 15:40:11 monetization through video fingerprinting --"  
4 15:40:14 A I'm sorry. Where are you?  
5 15:40:16 Q At the last paragraph in Jamie's e-mail on  
6 15:40:19 the first page, it starts with "The one caveat I would  
7 15:40:22 issue."  
8 15:40:24 A Okay.  
9 15:40:24 Q He says "If we are able to open up watch  
10 15:40:26 pages to monetization through video fingerprinting and  
11 15:40:31 user-partner type programs, the monetization program  
12 15:40:34 of watch changes significantly."  
13 15:40:36 Do you have any understanding to what he's  
14 15:40:39 referring to there?  
15 15:40:48 A I don't know specifically as I'm not on this  
16 15:40:51 e-mail chain. However, what I would venture to guess  
17 15:40:54 is, by having commercial arrangements with our  
18 15:41:00 partners, and if they've claimed additional videos, it  
19 15:41:02 just increases the volume of content that we can show  
20 15:41:10 ads against.  
21 15:41:11 Q And is it part of YouTube's strategy to  
22 15:41:21 increase the number of videos against which it can  
23 15:41:24 show ads?  
24 15:41:26 A Yes. We only show ads against what we call  
25 15:41:29 monetizable content, which is content that the partner

1 15:41:34 has signed a commercial arrangement, has authorized.

2 15:41:40 So only 5 percent, approximately, of all playback is

3 15:41:42 monetized today.

4 15:41:53 Q So, for instance, if an individual uploads a

5 15:41:57 user-generated video and they're not a partner of

6 15:42:00 YouTube, that content is not going to have an ad

7 15:42:04 played against it; correct?

8 15:42:06 A We do not know if it's authorized or not

9 15:42:09 authorized, so we do not monetize against it.

10 15:42:12 Q And has that been the case since Google

11 15:42:14 acquired YouTube?

12 15:42:15 A Since Google acquired YouTube, we have not

13 15:42:17 been monetizing on any content that we do not know

14 15:42:20 whether or not -- whether -- we -- if they have not

15 15:42:24 signed a commercial arrangement with us.

16 15:42:29 Q Next, Exhibit 30. I only have four. You

17 15:42:40 guys may have to share over there.

18 15:42:42 MR. BAREA: I'll share.

19 15:42:45 (Document marked Chang Exhibit 30

20 15:43:02 for identification.)

21 15:43:02 MS. CUNHA: Q. Do you recognize this

22 15:43:04 document?

23 15:43:05 A Don't remember this one specifically, but

24 15:43:10 comments of this nature I remember, yes.

25 15:43:12 Q And who is Alex Ellerson?

1 15:58:30 Q No, I'm not anywhere right now. That's just  
2 15:58:32 a question --  
3 15:58:33 A Oh.  
4 15:58:33 Q -- detached from a document.  
5 15:58:35 A Okay. So I'm not sure generally what you're  
6 15:58:40 speaking about, but when I use those terms, "search  
7 15:58:43 revenues" are related to the revenues associated to a  
8 15:58:47 search results page. Whereas I think the other one  
9 15:58:50 was "partner revenue"; is that your question?  
10 15:58:52 Q Yes.  
11 15:58:53 A "Partner revenue" would be revenues that are  
12 15:58:55 associated with a watch page.  
13 15:58:56 Q And does YouTube have search revenue?  
14 15:59:01 A Yes, we do.  
15 15:59:02 Q And it has partner revenue; correct?  
16 15:59:07 A Yes.  
17 15:59:07 Q And is there any other type of revenue that  
18 15:59:09 YouTube has?  
19 15:59:11 A We would currently put it into four big  
20 15:59:15 categories. One being the home page itself. One  
21 15:59:20 being the search results page. One being watch page  
22 15:59:26 or what you were asking as the partner revenue, and  
23 15:59:30 one being kind of a catchall that we're calling other,  
24 15:59:34 which is just revenues that are generated from ads on  
25 15:59:39 other pages throughout the site.

1 15:59:41 Q And can you give me a rough estimate  
2 15:59:47 percentage wise how it breaks down? What percent of  
3 15:59:51 the revenue is home page, versus search results,  
4 15:59:55 versus watch pages?

5 15:59:56 A You know, it's probably hard to believe, but  
6 15:59:58 I can't recall. I stare at numbers all day. I  
7 16:00:02 couldn't tell you. I could tell you in totality, but  
8 16:00:05 I couldn't tell you relevant percentages.

9 16:00:08 Q Okay. Is watch page the largest category?

10 16:00:13 A Watch page is the smallest category.

11 16:00:15 Q And watch page is the category -- strike  
12 16:00:18 that.

13 16:00:19 Is watch page the category that we've been  
14 16:00:21 discussing where ads are only shown against authorized  
15 16:00:26 content?

16 16:00:28 A I would not say authorized. I would say ads  
17 16:00:30 are only shown against content in which we have signed  
18 16:00:33 a commercial agreement to show ads against. It's  
19 16:00:37 possible that of that remaining portion we do not show  
20 16:00:40 ads against, some of that may be authorized. We just  
21 16:00:42 do not know.

22 16:00:43 Q But when you refer to the watch page revenue,  
23 16:00:46 that's the revenue that relates to the ads shown  
24 16:00:51 against videos with whom YouTube has a commercial  
25 16:00:54 contract; correct?

1 16:00:55 A That is correct.

2 16:00:56 Q Okay. And the other categories, the home

3 16:00:58 page, search results, and catchall are more general

4 16:01:02 categories, and they're not limited to a particular

5 16:01:05 video that YouTube may have a commercial relationship

6 16:01:08 with the content provider; correct?

7 16:01:10 A There are no playbacks on those pages, and so

8 16:01:12 you cannot establish any direct link to any video.

9 16:01:16 Q So, for instance, on a search page, if

10 16:01:20 someone goes to YouTube and does a search, the search

11 16:01:22 results will come up on -- on the screen and an ad may

12 16:01:26 show on another part of the screen?

13 16:01:28 A That's correct.

14 16:01:29 Q And so they may see the thumbnails of a

15 16:01:32 video, but to play the video, they'd have to click on

16 16:01:35 that thumbnail, and that would take them to another

17 16:01:38 screen; correct?

18 16:01:39 A That's correct.

19 16:01:39 Q So -- and the ad that's on the search result

20 16:01:41 page is only on the page with the thumbnails; correct?

21 16:01:44 A I'm sorry. Can you repeat that?

22 16:01:45 Q Sure.

23 16:01:46 I just want to make sure I understand the

24 16:01:48 category.

25 16:01:49 A Yeah.